



FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

March 24, 2004

RQ-2

Douglas B. England, Treasurer
Indiana Democratic Congressional Victory
Committee
One North Capitol, Suite 200
Indianapolis, IN 46204

Response Due Date:
April 16, 2004

Identification Number: C00103613

Reference: Year End Report (7/1/03-12/31/03)

Dear Mr. England:

This letter is prompted by the Commission's preliminary review of the report(s) referenced above. This notice requests information essential to full public disclosure of your federal election campaign finances. **An adequate response must be received at the Commission by the response date noted above.** An itemization of the information needed follows:

-Schedule A of your report (see attached) discloses one or more contributions which appear to exceed the limits set forth in the Act. 2 U.S.C. §441a(f) and 11 CFR §110.1(e) prohibit a state, district or local party committee (combined) from receiving any contribution from a person or non-multicandidate political committee in excess of \$10,000 per calendar year.

If any apparently excessive contribution in question was incompletely or incorrectly disclosed, you must amend your original report with the clarifying information.

If any contribution you received exceeds the limits, you may have to refund the excessive amount. The funds can be retained if within 60 days of receipt, (1) the excessive amount was properly reattributed to another person, such as a joint account holder, by obtaining signed written authorizations from each person making the contribution pursuant to 11 CFR 110.1 (k)(3), and (2) the treasurer informs the person making the

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contribution that he or she may request the return of the excessive portion of the contribution if it is not intended to be a joint contribution. Any request from a donor for a refund must be honored.

Alternatively, the funds can be retained if within 60 days of receipt you (1) transferred the excessive amount to an account not used to influence federal elections, and (2) provided written notice to the person making the contribution of the option of receiving a refund. Any request from a donor for a refund must be honored.

If the foregoing conditions for reattributions or transfers to a non-federal account were not met within 60 days of receipt, the excessive amount must be refunded.

Please inform the Commission of your corrective action immediately in writing and provide a photocopy of your check for any transfer-out or refund. In addition, any reattributions should be reported as memo entries on Schedule A of the report covering the period during which the authorization for the reattribution is received. Any transfers-out or refunds should be disclosed on Schedule B supporting Line 22 or 28 of the report during which the transaction was made.

Although the Commission may take further legal action regarding the acceptance of an excessive contribution(s), prompt action by your committee to seek reattribution, transfer-out or refund the excessive amount will be taken into consideration.

-Schedule A supporting Line 11(a)(i) of your report discloses a receipt(s) from Clordon & Schwenkmeyer Inc. for telemarketing fundraising services. Please be advised that federal regulations require the itemization of all contributions from individuals/persons that aggregate greater than \$200 in the calendar year. Please clarify whether this figure includes any receipts that aggregate greater than \$200 from an individual/person. If this is the case, please amend your report(s) by itemizing the receipts on Schedule A.
11 CFR §104.3(a)(2)

-Schedule A supporting Line 15 of your report discloses a payment(s) from a federal candidate committee(s) for goods and/or services provided by your committee. 11 CFR §100.52(d)(1) states that "...the provision of any goods or services without charge or at a charge which is less than the usual and normal charge for such goods or services is a contribution." Examples of

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goods and services include equipment, supplies, personnel, membership lists and mailing lists. The term "usual and normal charge" for goods is defined as "...the price of those goods in the market from which they ordinarily would have been purchased at the time of the contribution". The usual and normal charge for services is defined as "...the hourly or piecework charge for the services at a commercially reasonable rate prevailing at the time the services were rendered." 11 CFR §100.52(d)(2)

Please clarify whether your committee assessed the usual and normal charge for the goods and/or services you provided to the federal candidate committee(s) and explain the steps your committee took in determining the amount(s) charged. If your committee provided the goods and/or services at less than the usual and normal charge, the difference between the two is considered to be an in-kind contribution by your committee to the federal candidate committee(s) and is subject to the limits set forth at 2 U.S.C. §441a. (11 CFR §100.52(d)(1))

-Schedule A of your report discloses receipts totaling \$17,243.28 from the DNC State Party Victory Fund, which is a joint fundraising committee affiliated with your committee. The sum of the entries itemized on the memo Schedule A, however, total only \$15,508.75.

Please be advised that a memo Schedule A must be provided to itemize your committee's share of the gross contributions received through the joint fundraiser. The memo schedule should itemize each individual who has contributed an aggregate in excess of \$200 during the calendar year, and provide the amount of unitemized contributions received. In addition, the memo schedule should itemize your committee's share of all contributions from political committees, regardless of amount. 11 CFR §102.17(e)(8)(i)(B) Please clarify this discrepancy.

-Schedule A of your report discloses receipts totaling \$22,000 from Gordon and Schwenkneier Inc for apparent telemarketing fundraising services. Further, you have disclosed itemized memo entries on Schedule A totaling \$5,230. Please be advised that you must itemize the gross contributions received from this telemarketing fundraising service on Schedule A supporting Line 11(a)(i). Schedule A should itemize each individual who has contributed an aggregate in excess of \$200 during the calendar year. 11 CFR §104.3(a)(2) Please clarify this discrepancy.

-Schedule B supporting Line 21(b) of your report discloses a payment(s) totaling \$ 34,272.35 for "fundraising" and "federal fundraising."

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Expenditures and disbursements for public communications (as defined under 11 CFR §100.26) that refer to a clearly identified candidate for Federal office and that promote, support, attack or oppose any candidate for Federal office, meet the definition of Federal Election Activity under 11 CFR §100.24 and should be disclosed on Schedule B for Line 30(b) along with the identity of the candidate(s). However, public communications that meet the definition of Federal Election Activity and that also contain express advocacy as defined under 11 CFR §100.22, would constitute an in-kind contribution, an independent expenditure or a coordinated party expenditure and should be properly disclosed on a Schedule B, E or F supporting Lines 23, 24 or 25, as appropriate, rather than on Schedule B for Line 30(b). Please amend your report to properly disclose this activity or provide clarifying information.

-Your report does not disclose any payments for salary or wages on Schedule B supporting Line 30(b) of the Detailed Summary Page. 11 CFR §100.24 defines as Federal Election Activity, services provided by an employee of a State, district or local party committee who spends more than 25 percent of their time during that month on activities in connection with a Federal election. You are advised that payments for salaries and wages for employees who spend more than 25 percent of their compensated time in a given month on Federal Election Activity or activities in connection with a Federal election must be made with Federal funds only. Please provide clarification regarding the lack of payments for salary and wages disclosed by your committee.

-Itemized disbursements must include a brief statement or description of why the disbursements were made. Please amend Schedule(s) B and H4 of your report to clarify the following description(s): "IDP/Gold Circle", "fundraising", "federal fundraising", "office", "technology", "French Lick", "reimbursement", and "van." For further guidance regarding acceptable purposes of disbursements, please refer to 11 CFR §104.3(b)(3).

-Schedule B supporting Line 21(b) discloses \$40,000 in transfers to what appears to be a non-federal account of your committee. Please provide further clarification regarding this transfer to your non-federal account.

You are advised that 11 CFR §102.5 prohibits a non-federal account from financing activity in connection with federal elections. If any of the disbursements disclosed on Schedule B supporting Line 21(b) were made to influence the election or defeat of specific federal candidates, the

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disbursements should be allocated accordingly and disclosed as either in-kind contributions on Schedule B supporting Line 23, independent expenditures on Schedule E supporting Line 24, or as coordinated expenditures on Schedule F supporting Line 25. 11 CFR §§104.3(b)(3) and 106.1 In addition, if your non-federal account has paid any expenditures which should have been allocated, you are advised to correct any non-compliance with 11 CFR §§106.6 and 106.7 and establish procedures to insure future compliance with allocation regulations.

-Schedule H4 of your report discloses a total of \$0 in credit card payments. The sum of the memo entries itemized on Schedule H4, however, is \$4,608. Please amend your report to clarify the discrepancy, or provide clarifying information regarding these memo entries.

-Schedule H4 supporting Line 21(a) of your report discloses a payment(s) for "health insurance", "insurance" and "payroll." Please be advised that pursuant to 11 CFR §300.33(c)(2), salaries and wages for employees who spend more than 25% of their compensated time in a given month on Federal election activity or activities in connection with a Federal election must not be allocated between or among federal and non-federal accounts. Rather, only federal funds may be used. Further, the Commission concluded in Advisory Opinion 2003-11 that amounts spent for employee-specific "fringe benefits," consisting of health insurance, disability insurance, life insurance, retirement benefits and payroll taxes, fall into the category of compensated time.

Any reimbursement from your committee's non-federal account for this payment is not permissible and must be returned. Although the Commission may take further legal action regarding this improper allocation activity, your prompt action will be taken into consideration.

-Your report disclosed certain categories of financial activity that have been reflected on the wrong lines of the Detailed Summary Page. Interest income should be properly disclosed on a separate Schedule(s) A, supporting Line(s) 17 of the Detailed Summary Page. Transfers to affiliated committees should be properly disclosed on a separate Schedule(s) B, supporting Line(s) 22 of the Detailed Summary Page. Please refer to the instructions for each line when determining the proper categorization(s) for your next filing.

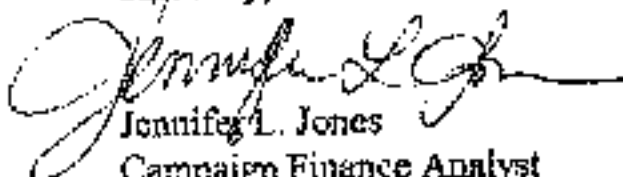
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Unlike previous election cycles, you will not receive an additional notice from the Commission on this matter. Adequate responses received on or before this date will be taken into consideration in determining whether audit action will be initiated. **Requests for extensions of time in which to respond will not be considered.** Failure to provide an adequate response by this date may result in an audit of the committee. Failure to comply with the provisions of the Act may also result in an enforcement action against the committee. Any response submitted by your committee will be placed on the public record and will be considered by the Commission prior to taking enforcement action.

Electronic filers must file amendments (to include statements, designations and reports) in an electronic format and must submit an amended report in its entirety, rather than just those portions of the report that are being amended. If you should have any questions regarding this matter or wish to verify the adequacy of your response, please contact me on our toll-free number (800) 424-9530 (at the prompt press 1, then press 2 to reach the Reports Analysis Division) or my local number (202) 694-1393.

Sincerely,



Jennifer L. Jones

Campaign Finance Analyst
Reports Analysis Division

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Contributor Name	Date	Amount	Report
Hon. Connie Nass	07/23/2003	\$10,000	2003 Mid-Year Report
Hon. Connie Nass	08/14/2003	\$20,820	2003 Mid-Year Report
Hon. Connie Nass	09/17/2003	\$15,720	2003 Mid-Year Report
Hon. Connie Nass	10/10/2003	\$16,380	2003 Mid-Year Report
Hon. Connie Nass	11/12/2003	\$220,575	2003 Mid-Year Report
Hon. Connie Nass	12/10/2003	\$185,255	2003 Mid-Year Report

